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Businessman Who Asserted CIA Ties Indicted by U.S. in \$22 Million Fraud

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A federal grand jury in Hawaii has charged businessman Ronald R. Rewald with defrauding investors of \$22 million in an elaborate pyramid scheme and lying when he said the CIA had helped direct his now-bankrupt business.

In a 100-count indictment issued late Thursday, the grand jury charged Rewald, 41, with mail fraud, securities fraud, tax evasion and perjury. The indictment said he diverted \$5.5 million from more than 400 investors to his personal use, including \$520,000 spent on polo and horses, \$467,000 on luxury cars, \$784,000 on ranches, \$719,000 on various residences and \$270,000 on entertainment.

Theodore Greenberg, an assistant U.S. attorney in Alexandria who is handling the case, said in a telephone interview from Hawaii that Rewald could receive nearly 500 years in prison and \$653,000 in fines if convicted.

Rewald, who was being held on \$50,000 bond in California, was ordered to appear in federal court in Honolulu by Sept. 14.

Rewald received national attention last spring when he sued the Central Intelligence Agency in con-

nection with the bankruptcy of his investment firm, Bishop, Baldwin, Rewald, Dillingham & Wong.

In his suit, Rewald charged that he was "a covert agent of the CIA," that he established the firm at the CIA's direction and that some of its subsidiaries were "used completely and exclusively for CIA covert operations."

A CIA spokesman denied at the time that the agency had any role in running Rewald's company, saying the agency had only "a slight involvement" with the firm.

The indictment charged Rewald with perjury for saying in sworn statements that the CIA had directed the firm's creation and supplied him with phony degrees from Marquette University. According to the indictment, Rewald also lied when he said the CIA had directed him to tell prospective investors that they would receive a 20 percent return on their money and that the deposits would be federally insured.

While Rewald used new investors' money to pay some old ones, the indictment said, many investors lost their money in the firm's bankruptcy last summer.

Bishop, Baldwin invested only \$623,000, according to the indictment, and sources said little money remains to be recovered by invest-

ors who have filed civil suits in the matter.

Rewald, who also has been charged with securities fraud by the Securities and Exchange Commission, contended in his suit that the CIA should be forced to share liability for the bankruptcy.

The Rewald indictment could affect a separate case involving accused spy Richard Craig Smith, who has been charged with revealing the identities of six U.S. double agents to the Soviet KGB for \$11,000.

Smith, a former Army counter-intelligence officer, has contended that he was working for the CIA and that he was given Bishop, Baldwin's phone number in Hawaii to reach his two CIA contacts. Smith has sought to introduce documents relating to Bishop, Baldwin as part of his defense.